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SUBJECT: ZAGREB DAILY ACTIVITY REPORT: JANUARY 12, 2010

11. (U) AMBASSADOR FOLEY MEETS WITH PM KOSOR: Kosor said strengthening the economy, completing EU accession negotiations, establishing Croatia as a "model" NATO member, and tackling corruption will be the GoC's top priority this year. Ambassador Foley reaffirmed support for Kosor's objectives and Croatia's EU accession. They discussed a range of domestic and regional issues, including the aftermath of former Prime Minister Sanader's recent failed effort to stage a political comeback. More details septel.

12. (U) OSCE SAYS CROATIA'S PRESIDENTIAL RUNOFF MET INTERNATIONAL STANDARDS: The Limited Election Observation Mission (LEOM) to Croatia of the OSCE Office for Democratic Institutions and Human Rights presented its preliminary report and conclusions on the presidential runoff at a January 12 press conference. "The positive developments we noted during the first round were confirmed by what we witnessed in the second round," said Ambassador Daan Everts, Head of the Mission. The process of voting and ballot counting was very professional and efficient both in and outside the country. The Mission identified some problematic areas which require immediate attention, concluding primarily that there was a need for consolidation and harmonization of the legal framework for elections. The LEOM will recommend that this be done already in 2010 so that those laws could be ready for the next elections, Everts said. He also stressed the need for perfecting the complaints and appeals procedure to provide a comprehensive mechanism that could respond to all possible complaints and appeals. As for election services, the make-up of the State Electoral Commission (DIP) should be revised, its capacities strengthened and its mandate defined in greater detail, added Everts. All of this would make it possible for DIP to respond faster and more efficiently in different areas, including informing voters. Lastly, the mission's recommendations also emphasized the poorly designed campaign financing laws, and noted that Croatia currently does not have any mechanism to check the authenticity of reports on campaign financing. Their accuracy depends solely on the candidates' conscience, Everts said.

13. (U) SLOVENIANS INCREASINGLY SUPPORT THE CROATIAN-SLOVENIAN ARBITRATION DEAL: Croatian media reported the results of a recent poll conducted in Slovenia that indicates nearly two-thirds of Slovenians would support the Croatian-Slovenian arbitration deal in a referendum. The poll showed that 63.8 percent supported the arbitration deal, while 28.1 percent opposed it and 8.1 percent were undecided.

14. (U) UNEMPLOYMENT IN CROATIA GREATER THAN 2008: The Croatian Employment Office (HZZ) reported January 11 that there will be 300,000 unemployed Croatians in Spring 2010 because of the economic crisis and GDP decline in 2009. HZZ Director Ankica Paun Jarallah said 270,557 Croatians filed for unemployment benefits, which was 35% more than in 2008. The manufacturing, construction, and retail sectors accounted for 52% of unemployment claims in 2009.
FOLEY